

MOTION BY SUPERVISOR DON KNABE

February 9, 2016

Los Angeles County runs the second largest public health system in the Nation. The County has historically served a disproportionate number of Medi-Cal and uninsured patients who often have complex health, mental and social conditions. The County has also been a leader in the implementation of the Affordable Care Act which included the expansion of Medi-Cal benefits to persons who previously lacked health care coverage.

By far the most important funding source is for the County's health care safety net and the patients the County serves is Medicaid. The County has been an active Medicaid managed care participant, as either a licensed health plan or provider group. Currently, over 300,000 patients receiving care provided by the Department of Health Services are enrolled in a Medi-Cal managed care plan.

On May 26, 2015, the Federal Centers for Medicare & Medicaid Services (CMS) released a proposed rule to overhaul Medicaid managed care. The proposed rule is expected to be finalized in the Spring of 2016. While the intent of the rule is to modernize Federal regulations that have not been updated since 2002, some of the proposed changes have the potential to severely undermine the financing of the County's health care system.

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Specifically, proposed section 438.6(c) would restrict states from negotiating rate ranges and directing expenditures of Medicaid managed care plans. Currently, CMS has approved such arrangements negotiated by the State to provide for directed payments to safety net providers under Medicaid managed care. These payments are subject to Federal oversight and were approved and designed to ensure that providers of vital safety net services for our most vulnerable populations remain viable.

As drafted, the proposed rule construed broadly to prohibit the current arrangements that provide significant and critical funding to safety net providers, such as the County. The State's ability to continue directed Medicaid managed care payments funding is necessary for the financial viability of the County's entire health care safety net system and must be preserved.

I, THEREFORE, MOVE that the Board of Supervisors instruct the Chief Executive Officer to prepare a five-signature letter to the County's Congressional delegation and the Acting Administrator of the Centers for Medicare & Medicaid urging CMS to remove subsection 438.6(c) from the final Medicaid managed care rule, or in the alternative, to expressly clarify that states can continue to have the discretion to establish payment parameters, including targeted payments, to achieve state goals.

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